

Service Date: August 5, 1980

DEPARTMENT OF PUBLIC SERVICE REGULATION  
MONTANA PUBLIC SERVICE COMMISSION

|                                     |                    |
|-------------------------------------|--------------------|
| In the Matter of the Value of the ) | UTILITY DIVISION   |
| Electric Plant in Service of )      | DOCKET NO. 80.8.55 |
| MONTANA POWER COMPANY. )            | ORDER NO. 4677     |

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ORDER INITIATING REVALUATION PROCEEDING

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Pursuant to Sections 69-3-324 and 69-3-103, MCA, and on the Commission's own motion, and WHEREAS:

1. Section 69-3-109, MCA, gives the Commission authority, to investigate regulated utilities' property values and, according to the 1975 amendment, limits any such value to the original cost of the property. The section expressly authorizes the Commission on its own initiative to make a revaluation of such property at any time.

2. In 1944 the Montana Public Service Commission determined the "original cost" of Montana Power Company's property, Re The Montana Power Company, 56 PUR (N.S. ) 193 (1944); but in 1945 in the same joint proceedings, the Federal Power Commission determined that the "original cost" of Montana Power Company's property was substantially below (over \$15 million below) the amount determined by the Montana Commission, Re The Montana Power Company, 57 PUR (N.S.) 193 (1945).

3. In 1976 this Commission issued its Order No. 4220c in Montana Power Company, Docket No. 6348, stating (at page 16)

that the higher amount determined as "original cost" in the 1944 decision was "questionable," and the Commission resolved "to deal with the problem in future proceedings. . . "

4. The Montana Supreme Court affirmed the Commission's authority to revalue property under 70-106, R.C.M. 1947, now Section 69-3-109, MCA, specifically finding that in passing that law "the legislature clearly contemplated the possibility that later Public Service Commissions, under appropriate circumstances, may modify or alter the property valuations made by earlier commissions." In the Matter of the Montana Power Company,\_ Mont.\_, 590 P.2d 1140 (1979).

5. In 1979, the Montana Legislature approved and the Governor signed, a bill authorizing the Commission to spend up to \$200,000 for an investigation of the values of certain land and land rights owned by the Montana Power Company as listed in Attachment "A" of this Order.

6. In 1980 the Commission retained consultants to report on the cost of Montana Power Company's properties and make recommendations with regard to the difference between the two "original cost" determinations. The consultant's report, which is available for public inspection and has been presented to Montana Power Company, states that the difference amounts to \$15,852,754.07 as of December 31, 1979, as shown on Attachment "A" of this order .

NOW WHEREFORE, the Montana Public Service Commission  
HEREBY ORDERS:

1. That Docket No. 80.8.55 be established to investigate all factors relevant to the property values presently placed on the property held by the Montana Power Company, as listed in

Attachment "A" of this order.

2. That the Commission's advisory staff schedule and notice a public hearing to allow this Commission an opportunity to take testimony and receive public comments concerning such property values.

3. That the Commission's advisory staff establish a date for a prehearing conference in this docket and present to the Commission subsequently, a proposed Procedural Order.

4. That a copy of this order be sent to the Montana Power Company, the Montana Consumer Counsel and all intervening parties in Docket No. 80.4.2.

Done and dated this 4th day of August, 1980, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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GORDON E. BOLLINGER, Chairman

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CLYDE JARVIS, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

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JAMES R. SHEA, Commissioner

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GEORGE TURMAN, Commissioner

ATTEST:

Madeline L. Cottrill, Secretary  
(SEAL)

# ATTACHMENT A

## THE MONTANA POWER COMPANY STATEMENT OF DIFFERENCES IN UTILITY PLANT ACCOUNTS MONTANA PUBLIC SERVICE COMMISSION AND FEDERAL ENERGY REGULATORY COMMISSION

Electric Utility Plant  
December 31, 1979

|                                     | Federal<br>Energy<br>Regulatory<br>Commission | Montana<br>Public<br>Service<br>Commission | Difference      |
|-------------------------------------|---|--|-----------------|
| A/C 301 Organization                | \$20,912.60                                   | \$59,523.01                                | \$38,610.41     |
| A/C 330 Land and Land Rights        |   |  |                 |
| Hydroelectric Power Developments    |   |  |                 |
| Black Eagle                         | 372,790.29                                    | \$1,051,265.06                             | \$ 678,474.77   |
| Cochrane                            | 56,851.79                                     | 300,735.37                                 | 241,883.58      |
| Holter                              | 223,034.20                                    | 4,430,959.12                               | 4,207,924.92    |
| Morony                              | 228,464.18                                    | 1,094,047.53                               | 865,583.35      |
| Rainbow                             | 790,272.38                                    | 4,906,180.43                               | 4,115,908.05    |
| Ryan                                | 1,190,834.72                                  | 5,786,622.54                               | 4,595,787.82    |
| Thompson Falls                      | 647,049.74                                    | 1,646,753.25                               | 999,703.51      |
| Total A/C 330                       | \$ 3,511,297.30                               | \$19,216,563.30                            | \$15,705,266.00 |
| Total Above                         | \$ 3,532,209.90                               | \$19,276,086.31                            | \$15,743,876.41 |
| (A/C 101-Electric Plant in Service) |   |  |                 |

|                                      |                |                |            |
|--------------------------------------|----------------|----------------|------------|
| Accumulated Reserve for Depreciation |                |                |            |
| Electric Plant in Service            | 110,785,466.79 | 110,637,978.72 | 147,488.09 |

|                                      |  |           |           |
|--------------------------------------|--|-----------|-----------|
| Reserve for Amortization of Electric |  |           |           |
| Plant in Service                     |  | 38,610.41 | 38,610.41 |

Summary:

| Effect on Net Plant                   | MPSC Net<br>Plant Over,<br>Under ( )<br>FERC |
|---------------------------------------|--|
| MPSC Gross Plant is Over FERC         | \$ 15,743,876.41                             |
| MPSC Accumulate Reserve is Under FERC | 147,488.07                                   |
| Reserve for Amortization is Over FERC | (38,610.41)                                  |
| MPSC Net Plant over FERC              | \$15,852,754.07                              |

